



Valero Marketing and Supply makes a contract offer to striking employees

David Smith, Community Relations for Valero Corporation in Aruba, called a press conference on Friday afternoon to comment on behalf of Valero regarding the walkout by aviation workers at their fuel pumps servicing the Reina Beatrix International Airport. On June 19, Valero employees belonging to Independent Oil Workers Union of Aruba-United Steel Workers Local 1961 (IOWUA-USW) had staged what was considered an illegal work stoppage after rejecting a new contract offered with a 4% increase, in response to the workers' demands for a 6% increase.

An Aruban judge ruled last Tuesday, July 4, that under European law the workers had the right to strike, but ordered that they must return to the job for a 24-hour period after 48 hours of striking. This schedule of two days off and one day on had continued for the past ten days, and Valero informed the press of new contract offers in the hopes of reaching a settlement. Mr. Smith informed the press that the new offer is valid until Thursday, July 19, and will then be withdrawn.

The aviation workers' last contract expired on February 28 of this year, at which time the workers were informed that Valero intended to sell the aviation business. In March, Valero and employees signed a 90-day extension of the current contract, with the plan to negotiate a new contract with new owners, Allied Aviation. This extension was valid until May 31, when a second extension was signed, lasting until July 31. The drivers have negotiated and signed a contract accepting a 4% increase for the first year, and Valero received a letter from aviation workers on June 12 demanding a 6% increase.

Valero informed workers that 6% is not a realistic demand, but they were willing to discuss other options. Under government mediation, Valero offered on June 12 a 4% increase to aviation workers, which was rejected and a walkout was staged.

On July 11, Valero offered a proposal that received no response from IOWUA. During the July 13 press conference, two new proposals that were offered to IOWUA were released. Option #1 is a two-year agreement, effective August 1 and ending on Midnight, July 31, 2009. It offers a wage increase to all eligible employees of 4% effective on August 1, 2007, and another 4% increase on August 1, 2008.

The company will also pay a lump sum retro-active increase of 6% on base earnings for the period of March 1 to July 31, 2007 upon receipt of termination of the employees' individual employment contracts with the Company (when the official change of ownership takes place.)

Upon ratification of a two-year agreement by IOWUA membership, Valero will pay a one-time bonus of 750 Aruban florins per employee. At the close of the sale of Valero Marketing, Valero will pay their share of the annual Christmas Bonus, on a pro-rata basis, Allied will pay the balance. All other agreements presently in the contract will remain in force.

A second option to resolve and end the work stoppage was also offered. This encompasses the same two-year term, but includes a signing bonus of 250 Aruban florins per employee upon ratification, and a wage increase of 5% effective March 1, 2007, and then a 3% increase effective August 1, 2008. Valero will pay a Christmas bonus of 1,500 florins upon ratification of the contract and termination of the employees' employment contracts with Valero. In December, the new owners according to the Letter of Understanding that was signed on March 7, 2008 will pay the Christmas bonus.

Mr. Smith reiterated that Valero believes that either offer is a very lucrative contract, with base wages for aviation employees very competitive in the Aruban work market. Valero considers themselves to have been open and honest with employees about the sale of the aviation department, allowing IOWUA to meet with the new buyer.

Mr. Smith also expressed that the continued safe operation of the facility is a priority, to which they have imported qualified personnel from Bonaire, and incorporated experienced managers to continue providing service. Until negotiations are finalized, they are working with a crew of 10 as compared to the usual 19. It has been reported there have been flight delays, perhaps due to the reduced number of workers, and this is detrimental to the quality of service of Reina Beatrix Airport. Mr. Smith stated that Valero believes they are making realistic attempts to end the present work stoppage.